



BILLING CODE (XX-YY-ZZ)

DEPARTMENT OF AGRICULTURE

Rural Business-Cooperative Service

Applications for Licensing as a Non-leveraged Rural  
Business Investment Company under the Rural Business  
Investment Program

**AGENCY:** Rural Business-Cooperative Service, USDA

**ACTION:** Notice.

**SUMMARY:** This Notice announces the acceptance of applications from newly-formed Rural Business Investment Companies (RBICs) who are interested in being licensed as non-leveraged RBICs under the Agency's Rural Business Investment Program (RBIP). The Agency intends to issue no more than one non-leveraged license in Fiscal Year 2012.

**DATES:** The Agency will begin accepting applications on [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Address for application submission: Completed applications must be sent to Specialty Programs Division, U.S. Department of Agriculture, Mail Stop 3225, 1400 Independence Avenue, SW, Washington, DC 20250-3225.

Address for requesting information: Application materials and other information may be requested by writing to Director, Specialty Programs Division, U.S. Department of Agriculture, Mail Stop 3225, 1400 Independence Avenue, SW, Washington, DC 20250-3225.

**FOR FURTHER INFORMATION:** Detailed information on the RBIP, including application materials and instructions, can be found on the Agency's Web site at [http://www.rurdev.usda.gov/BCP\\_RBIP.html](http://www.rurdev.usda.gov/BCP_RBIP.html). You also may request information from the Agency by contacting Mark Brodziski, Director, Specialty Programs Division, U.S. Department of Agriculture, Mail Stop 3225, 1400 Independence Avenue, SW, Washington, DC 20250-3225, at (202) 720-1400.

**SUPPLEMENTARY INFORMATION:**

**Paperwork Reduction Act**

The Paperwork Reduction Act of 1995 defines "collection of information" as a requirement for "answers to \* \* \* identical reporting or recordkeeping requirements imposed on ten or more persons" (44 U.S.C. 3502(3)(A)). The collection requirements associated with this Notice, is expected to receive less than ten respondents and therefore

the Act does not apply.

## **Overview Information**

Federal Agency Name. Rural Business-Cooperative Service.

Opportunity Title. Rural Business Investment Program for Non-leveraged RBICs.

Announcement Type. Initial announcement.

Catalog of Federal Domestic Assistance (CFDA) Number.  
The CFDA number for the program impacted by this action is 10.860, Rural Business Investment Program.

Dates. The Agency will begin accepting applications for non-leveraged status on [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Availability of Notice. This Notice is available on the USDA Rural Development Web site at:  
[http://www.rurdev.usda.gov/BCP\\_RBIP.html](http://www.rurdev.usda.gov/BCP_RBIP.html).

## **I. Opportunity Description**

A. Purpose. The purpose of Subtitle H of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 2009cc et seq.) (the "Act") is to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas through venture capital investments by for-

profit RBICs.

The purpose of this Notice is to license qualified RBICs as non-leveraged RBICs under the RBIP. Previously, the Agency only licensed qualified RBICs as leveraged RBICs.

B. Program authority. Subtitle H of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 2009cc et seq.) establishes the Rural Business Investment Program.

C. Definition of Terms. The terms defined in 7 CFR part 4290 are applicable to this Notice.

## **II. Licensing Information**

A. Number of Licenses. The Agency intends to issue no more than one non-leveraged license in Fiscal Year 2012. In Fiscal Year 2013, subject to sufficient administrative resources, the Agency intends to issue no more than three non-leveraged licenses.

B. Type of License. Non-leveraged.

## **III. Eligibility Information**

Applicants and their applications are subject to the provisions of this Notice and to the provisions of 7 CFR part 4290. In order to be eligible for non-leveraged status under this Notice, the applicant must demonstrate

that one or more Farm Credit System (FCS) institution(s) will invest in the RBIC and, individually or collectively, hold 10 percent or more the applicant's total capital.

#### **IV. Application and Submission Information**

A. Where to Obtain Applications. Applicants may obtain applications and other applicable application material from the Agency's Specialty Programs Division, as provided in the **ADDRESSES** section of this Notice. Because applications will be selected on a first-come, first-served basis, the Agency recommends that potential applicants who plan to request application materials via mail request such materials as soon as possible.

Application materials may also be obtained via [http://www.rurdev.usda.gov/BCP\\_RBIP.html](http://www.rurdev.usda.gov/BCP_RBIP.html) or by contacting the Agency at the address and phone number provided in the **ADDRESSES** section of this Notice.

B. Content and Form of Submission. Applicants must submit applications in order to be considered. Applications must be submitted in accordance with the application instructions contained in this Notice and in 7 CFR 4290, including a requirement that applications be submitted in hard copy form. Applications sent electronically or by facsimile will not be accepted.

Contents of the initial application include RD Form 4290-1, "Rural Business Investment Program (RBIP) Application," Part I, Management Assessment Questionnaire (MAQ), and RD Form 4290-2, "Rural Business Investment Program (RBIP) Application," Part II, Exhibits (exhibits A, D, E, F, G, K, L, P, V, and Z).

Submit two complete, original hard copy sets of the RD Form 4290-1 and RD Form 4290-2 (excluding Exhibit P, which is required in electronic form only). Place each of the two original sets in a large 3-ring binder. Label the binders with the RBIC's name. Submit one complete and unbound one-sided hard copy of the MAQ and Exhibits suitable for photocopying (i.e., no hole punches, staples, paper clips, tabs or binders).

Applicants must enclose in their submission a nonrefundable licensing fee of \$500 in the form of a check payable to USDA.

C. When to submit. Applications will be accepted on a continuous basis starting [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

D. Where to Submit. The applicant must submit an original of the application to the Agency's Specialty Programs Division as specified in the **ADDRESSES** section of this Notice.

E. How to Submit. Applicants may submit their applications via mail service.

## **V. Program Provisions**

This section of the Notice identifies the procedures the Agency will use to process and select applicants for licensing as a non-leveraged RBIC. More information about the RBIP is available in the regulation at 7 CFR part 4290.

The Agency will select applicants for licensing as a non-leveraged RBIC on a first-come, first-served basis. For Fiscal Year 2012, the Agency intends to award no more than one non-leveraged license.

The Agency will review each application it receives in response to this Notice with regard to eligibility and completeness. If the application is incomplete, the Agency will notify the applicant of the missing information. The applicant must then provide the missing information in order for the Agency to further review the application.

As noted above, the Agency will select applicants on a first-come, first-served basis. The Agency will determine the order of applications based on the date the Agency receives a complete application. For example, if an application is received on July 1, but is incomplete, and the applicant supplies the Agency with the missing

information on August 1, then that application will be considered for selection on the basis of the August 1 date - the date on which the Agency received a complete application. Therefore, the Agency encourages applicants to ensure their applications are complete prior to submitting them.

Only those applications that are eligible will be processed further for determining whether the applicant will be licensed as a non-leveraged RBIC. The Agency anticipates being able to further process only one application in FY 2012. The Agency will not begin processing additional complete and eligible applications until the evaluation of the first application has been completed. Thus, most of the complete and eligible applications received in response to this Notice will be processed in FY 2013 and beyond in the order received.

For each application that receives further processing, the Agency will focus its assessment of the application on the consistency of the newly-formed RBIC's business plan with the goals of the RBIC program and on the applicant's management team's qualifications. Following this assessment, if the initial recommendation is favorable, the Agency, or its designee, will interview the applicant's management team.



Based on the assessment and interview, a recommendation will be made as to whether or not to select the applicant for non-leveraged status. If the recommendation is favorable, the Agency will send to the applicant a Letter of Conditions (also known as a "Green Light" letter) and the applicant will be invited to submit an updated RD Form 4290-1, Part I, Management Assessment Questionnaire, and RD Form 4290-2, Part II, Exhibits. Upon receipt of the Letter of Conditions, the applicant has 24 months to raise their private equity capital. Once a selected applicant has achieved full compliance with the regulations governing licensing as an RBIC, the Agency will issue the non-leveraged license to the RBIC.

## **VI. Administrative Information Applicable to this Notice**

### **A. Notifications**

(1) Eligibility. If an applicant is determined by the Agency to be eligible for participation, the Agency will notify the applicant in writing. If an applicant is determined by the Agency to be ineligible, the Agency will notify the applicant, in writing, as to the reason(s) the applicant was rejected. Such applicant will have review and appeal rights as specified in this Notice.

(2) License. Each applicant will be notified of the

Agency's decision on their application.

B. Administrative and National Policy Requirements

(1) Review or appeal rights. A person may seek a review of an adverse Agency decision under this Notice or appeal to the National Appeals Division in accordance with 7 CFR part 11.

(2) Notification of unfavorable decisions. If at any time prior to license approval it is decided that favorable action will not be taken, the Agency will notify the applicant in writing of the decision and of the reasons why issuing a non-leveraged license was not favorably considered. The notification will inform the applicant of its rights to an informal review, mediation, and appeal of the decision in accordance with 7 CFR part 11.

**VII. Agency Contacts**

For further information about this Notice or for assistance with the program requirements, please contact the Specialty Programs Division, STOP 3225, Room 6867, 1400 Independence Avenue, SW, Washington, DC 20250-3225. Telephone: (202) 720-1400.

**VIII. Nondiscrimination Statement**

USDA prohibits discrimination in all its programs and

activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD). "USDA is an equal opportunity provider, employer, and lender."

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John C. Padalino

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June 26, 2012

Date

Acting Administrator, Rural Business-Cooperative Service

[FR Doc. 2012-16394 Filed 07/03/2012 at 8:45 am;  
Publication Date: 07/05/2012]